

In the Matter of)	No. G 99-15
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
CHIROPRACTIC SERVICE BUREAU, INC.)	AND ORDER ADOPTING REPORT
)	OF EXAMINATION
A Registered Limited Health Care Service Contractor.		

BACKGROUND

An examination of the financial condition of:

CHIROPRACTIC SERVICE BUREAU, INC., (the Company) as of December 31, 1997, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of registration as a limited health care service contractor. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on March 8, 1999. The Company's response to a draft of the report and an accompanying request for comments, and the OIC response to the Company's comments are attached without adoption, only for the purpose of more convenient review of the response.

The Commissioner or a designee has considered the report and the relevant portions of the examiners' work papers.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 2 through 17 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **CHIROPRACTIC SERVICE BUREAU, INC.**, and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented some of the Instructions and Recommendations prior to the date of this order. The instructions and recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on pages 3 and 4.

1. The Company is ordered to appoint a panel member to fill the vacant and unexpired term of the fifth director position, in accordance with Article III, Section 2.g. of the Bylaws, and the Company is further ordered to hold elections at its next Annual Meeting to permanently fill the vacant fifth director position, in accordance with Article II, Section 1 of the Bylaws, as noted in Instruction (1) of the examination report.
2. The Company is ordered to comply with RCW 48.05.280 by keeping timely and complete reconciliations of its general ledger accounts and by keeping full and adequate accounts and records of its assets, obligations, transactions and affairs, as noted in Instruction (2) of the examination report.
3. The Company is ordered to comply with WAC 284-07-120 by submitting its financial records and statements to an independent certified public accountant for annual examination and by filing audited financial statements with the Office of the Insurance Commissioner, as noted in Instruction (3) of the examination report.

4. It is recommended that the Company comply with WAC 284-07-050(2) in all future filings by adopting the necessary procedures for Northwest Administrators, Inc., as the contracted third-party administrator, to capture, record, and report all financial information of CSB in a centralized general ledger system that should include all transactions of the executive checking account and all adjusting entries posted by its CPA firm, as noted in Recommendation (1) of the examination report.

5. It is recommended that the Company intensify its marketing efforts to increase the number of groups under contract and expand its sources of revenue, in order to eliminate the "going concern" issue identified by the examiners, as noted in Recommendation (2) of the examination report.

6. It is recommended that the Company write, test, and implement a Disaster Recovery Plan, which is to include appropriate escalation procedures to resolve operational failures in a timely manner, as required by NAIC Guidelines, as noted in Recommendation (3) of the examination report.

7. It is recommended that the Company prepare a Business Contingency Plan that addresses the continuation of all significant business activities, including financial functions, telecommunication services and data processing services, in the event of a disruption of normal business activities, as required by NAIC Guidelines, as noted in Recommendation (4) of the examination report.

ENTERED at Lacey, Washington, this 6th day of April, 1999.

DEBORAH SENN
Insurance Commissioner

By:
JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division